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positions were authorized only when a particular recruiting situation arose during the period August 25, 1958, through November 15, 1959, the Federal agencies authorized payment of travel and moving expenses for 2,406 new employees; 2,116 of the new employees were engineers or physical scientists. A total of \$752,803.46 was expended for this purpose; payments averaged \$350 per new employee. Only 49 of the 2,406 employees violated their 1-year employment agreement, and approximately \$15,000 will be recovered from the individuals concerned. This experience can be compared with other estimates that Federal agencies would pay expenses for approximately 4,000 new employees per year at an average cost of \$300 or a total of \$3,200,000 per year.

Effect of restrictions on position coverage

Public Law 85-749 restricts authority for payment to new employees in that—

(a) Positions are restricted to the natural and mathematical sciences, engineering, and architectural fields, and to related technical positions;

(b) Skills must be critical to the national security effort; and

(c) There must be an established manpower shortage.

The absence of the first two restrictions would have resulted in relatively few additional new employees receiving payment for travel and moving expenses. However, the presence of these two restrictions precluded the alleviation of serious recruiting difficulties for some agencies for certain highly specialized and shortage positions. Examples are:

1. Professional veterinarians are in a critical shortage category. Department of Agriculture employs over 90 percent of the veterinarians in the Federal service. The requirement for relationship of the position to the national security precludes coverage under the current law.

2. City and community planners are also designated as "shortage" occupation by the Civil Service Commission for purposes of authorizing new minimum pay rates in accordance with section 808 of the Classification Act of 1949, as amended. Yet, the Director of the National Capital Planning Commission cannot pay travel and moving expenses as a recruitment inducement because these positions cannot be found in substantial numbers (in relation to the total strength of the occupation involved) in agencies whose programs directly involve the national security.

3. Bureau of Indian Affairs employs teachers, social workers, and journeyman mechanics at outlying locations in Alaska. The Bureau prefers to recruit qualified persons already residing in Alaska for these positions. Alaska residents are already adjusted to climate and living conditions. However, the restrictions on position coverage do not permit payment of travel expenses from residence in Alaska to the duty station. As a result, very few Alaska residents are available for employment with the Bureau. Consequently, the Bureau recruits in the continental United States and pays transportation expenses to and from Alaska under another legal authority. This inability to pay travel expenses for Alaska residents often results in a much greater expenditure of public funds as the results of recruiting from the continental United States.

4. Changing programs result in the need for new kinds of employees, including some in critical shortage occupations. Trend toward mechanization in the Post Office Department may encompass need for positions in the electronic computer areas.

5. Strategic Air Command cannot now obtain an adequate number of digital computer programmers to staff their Control Division. Primary programming effort of this division is directed toward the execution and control of the emergency war plan. The relation-

ship to national security is obvious; however, the restriction on position coverage does not permit payment.

Other examples cited by the Federal agencies were: landscape architects, management interns, geneticists, physiologists, pathologists, entomologists, soil scientists, psychologists, biologists, biochemists, biophysicists, pharmacists, bacteriologists, actuaries, librarians, and medical technologists.

The fact that these positions have been cited by the agencies as examples of positions for which payment of travel and moving expenses is justified by the recruitment situation does not necessarily mean that all will qualify under the requirement that there must be an established manpower shortage. Perhaps some of these positions will qualify only in certain geographic areas.

The requirement that there must be a manpower shortage has been applied in a realistic manner by the Civil Service Commission. In general, the Commission has applied the same principles and procedures for determining shortage occupations for this purpose as it does in determining shortages under section 809 of the Classification Act of 1949, as amended. Under this section, the Commission is charged by Congress with raising rates for hard-to-fill positions so as to assist in providing an adequate supply of employees to meet the vital need of Federal agencies.

Special problem: on student trainees

Several departments have recommended that the law be revised to authorize payment of travel and moving expenses of student trainees who are on leave without pay attending college and who, upon graduation, are planning to return to their agencies in a professional capacity. Since these trainees are already on the agencies' rolls, they cannot be considered as new appointees. Agencies have invested heavily in money and time in the training of these students. Unless payment of their travel and moving expenses at time of graduation is possible, there is the strong likelihood that many will resign and accept other employment. They will then receive payment for their travel and moving expenses from their new employers. A high percentage of senior students are married and have children. The payment of moving expenses to the first permanent post of professional duty takes on unusually high significance, especially since the families are often in debt. Enactment of this provision will affect very few employees, but will remove a source of irritation over unequal treatment of two groups of new professional employees.

CURRENT PRACTICES IN PRIVATE INDUSTRY

Comments of the Federal agencies, reflecting the experiences of their recruiters who are in daily competition with recruiters from industry, confirm the fact that, generally speaking, industry continues to pay more money for more benefits to new and prospective employees in more job categories than does the Federal Government.

Atomic Energy Commission contractors: The practices of 19 large industrial contractors and 7 academic contractors, which together employ approximately 80 percent of the over 180,000 AEC contractor employees, were examined. All but one regularly pay the travel and moving expenses of new key and professional employees; the remaining contractor will pay on occasion. Fourteen of the twenty-six contractors will regularly pay these expenses for all new employees, regardless of occupation. Twenty-four contractors provide allowances in addition to payment for travel and moving expenses; these usually include subsistence expenses for the family for up to 30 days.

Twenty-five of the twenty-six contractors also provide for preemployment interviews at company expense. These payments are usually limited to interviews of technical, scientific, and other key personnel.

Office of Naval Research contractors: A 1958 survey shows that 75 percent of all ONR contractors pay moving expenses and personal and family travel costs for new employees in shortage categories.

A recent survey reveals that upward of 90 percent of the approximately 2,500 ONR contractors now pay these expenses.

Air Research and Development Command contractors: A 1958 survey shows that ARDC has approximately 145 contractors of the large industrial type. Of these firms, 90 percent pay travel and moving expenses for new employees and their families.

A recent survey indicates that approximately 90 percent of these large industrial contractors have continued to pay these expenses, and that the trend has been toward more liberal benefits in terms of subsistence and other allowances.

In all contracts—AEC, ONR, and ARDC—the practice of paying travel expenses extends to the preemployment interviews. Most large corporations and hundreds of smaller firms have Government contracts. In order to more readily justify payment of travel and moving expenses for new employees in their Government contracts, they generally provide for these payments to all of their employees—whether or not utilized on Government contracts.

Advertisements in newspapers and journals: Such large companies as ECA, Western Electric, American Standard, Remington Rand, Westinghouse, Raytheon, and General Aniline—all large users of scientific and engineering personnel—are some of the recent advertisers who state that they will pay the relocation expenses of new employees. Payments are not confined to scientists and engineers. Advertisements stating that travel and moving expenses will be paid for such positions as sales representative, cost manager, systems consultant, financial analyst, systems analyst, auditor, tax supervisor, personnel director, market research manager, cost estimator, manager of manufacturing, maintenance foreman, digital computer programmer and trainee, salary analyst, inventory control manager, marketing director, cost analyst, and skills training specialist were noted recently.

COST

Cost of the proposed legislation is estimated at \$1,500,000 per year. This figure is based on estimates that 3,000 new employees for whom travel and moving expenses would be paid will be hired annually. The average cost per hire for moving household goods and for payment of personal travel expenses and per diem is estimated at \$350. This figure is based on agency experience during the past year.

The proposed legislation will not involve any expenditures for personal services.

PROVISION OF QUARTERS, FURNITURE AND EQUIPMENT, AND CERTAIN OTHER FACILITIES TO CIVILIAN OFFICERS AND EMPLOYEES

Mr. McCLELLAN. Mr. President, by request, I introduce, for appropriate reference, a bill to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the United States, and for other purposes.

This draft bill was submitted to the Senate by the Director of the Bureau of the Budget on March 11, 1960, and was referred to the Committee on Government Operations. It is designed to clarify existing statutory authority for providing quarters, household furniture, subsistence, and so forth, to civilian em-

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ployees of the Government who occupy Government quarters.

The proposed legislation would continue the basic authority now granted Government agencies by the act of March 5, 1928 (5 U.S.C. 75(a)). In addition, it would, first, authorize the President to issue regulations prescribing rates to be charged employees for the housing, facilities, and services provided, and, second, authorize housing for employees of Government contractors engaged on defense, atomic energy, and other projects who are not presently covered by the act of March 5, 1928.

The bill does not authorize any new construction or acquisition of Government quarters, nor does it alter the basic statutory policy that employees should pay a reasonable rate for housing provided them, nor affect special statutes which authorize housing at specific rates or without charge.

Mr. President, I request that the letter from the Director of the Bureau of the Budget addressed to the President of the Senate be included in the Record at this point as a part of my remarks.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the Record.

The bill (S. 3486) to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the United States, and for other purposes, introduced by Mr. McCLELLAN, by request, was received, read twice by its title, and referred to the Committee on Government Operations.

The letter presented by Mr. McCLELLAN is as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., March 11, 1960.
Hon. RICHARD M. NIXON,
President of the Senate,
Washington, D.C.

MY DEAR MR. PRESIDENT: I have the honor to transmit herewith a proposed bill "to authorize Government agencies to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service to civilian officers and employees of the United States, and for other purposes."

The purpose of the proposed bill is to provide for the charging of uniform and equitable rates for occupancy of Government-owned quarters on a rental basis. The bill would consolidate and restate related provisions of law and regulations which authorize the furnishing of quarters to Government employees, and it would vest authority in the President to prescribe regulations which would insure fair and consistent treatment for all persons—civilian employees, military personnel, and non-Government personnel—who occupy rental housing under like circumstances.

The bill would not authorize any new construction or other acquisition of quarters for any personnel. It would continue the authority, now covered by the act of March 5, 1928 (5 U.S.C. 75a), to provide quarters, household furniture and equipment, utilities, subsistence, and laundry service for civilian employees. It would also provide the basis for fixing rental rates and related charges for rental housing occupied by members of the uniformed services, but it would not change the existing authority to provide quarters and related items to such members.

The bill would also apply in those instances (principally involving certain facilities of the Department of Defense and the Atomic Energy Commission) where non-Government personnel—usually contractors' employees—occupy Government quarters.

Section 5 of the act of March 5, 1928 (5 U.S.C. 75a), is the only existing law of general application to civilian employees with respect to providing quarters and fixing rents. It reads as follows:

"The head of an executive department or independent establishment, where, in his judgment, conditions of employment require it, may continue to furnish civilians employed in the field service with quarters, heat, light, household equipment, subsistence, and laundry services; and appropriations of the character used before March 5, 1928, for such purposes are made available therefor: *Provided*, That the reasonable value of such allowances shall be determined and considered as part of the compensation in fixing the salary rate of such civilians."

This law established the equitable principle that the Government should charge employees the reasonable value of quarters and related items furnished to them. However, it does not by its terms apply to those Government quarters which are occupied by members of the uniformed services on a rental basis, nor to those Government quarters which may be occupied by persons who are not employees of the Government. Moreover, it is not specific enough for agencies to independently administer it with reasonable uniformity since it sets no detailed criteria for establishing rents and it does not expressly provide for Government-wide regulations thereunder. It gives no basis for determining reasonable value, that is, whether based on the commercial rental rates of comparable facilities, on the Government's investment in the quarters, or on other factors.

Considerable variation in the interpretation of this 1928 law, and an evident failure by many agencies to charge their employees with the reasonable value of the quarters, came to the attention of both the Bureau of the Budget and the General Accounting Office about 10 years ago. As a result, the Bureau of the Budget in 1951 issued its Circular No. A-45, which established certain procedures intended to make the various agency practices uniform and more equitable to both the Government and the employees concerned. This circular prescribed, as the basic criterion for determining reasonable value for rental purposes, that rents should be set at levels similar to those prevailing for comparable private housing located in the same area, after taking into account certain considerations which affect the value of the housing to the recipient, such as isolated location, and instances where an employee might, for the convenience of the Government, have to accept quarters of a size or quality beyond that which he would choose of his own accord. The proposed bill would provide statutory authority for regulations of the type now prescribed by the Bureau of the Budget circular. The procedure contemplated by this bill is similar to that provided in other statutes dealing with employee allowances and benefits, such as the Travel Expense Act of 1946, as amended (5 U.S.C. 835-843), and the Government Employees Training Act (5 U.S.C. 2301, et seq.).

Since 1928, several other laws have been enacted which authorize rental of quarters to Government personnel. The act of July 2, 1945, as amended (57 U.S.C. 111a), authorized the occupancy of certain quarters on a rental basis by members of the uniformed services who are authorized to continue to receive their basic allowances for quarters (Sections 404(f) and 408 of the act of August 11, 1956, as amended (42 U.S.C. 1864a(f) and 1864a(g)), authorized the occupancy by civil-

ian personnel, on a rental basis, of Capehart housing and Wherry housing acquired by the Government, and occupancy of some Wherry housing by military personnel on that basis. These provisions of law did not specify how the rental rates were to be determined, and the draft bill would provide a basis for such determinations.

Section 407(a) of the act of August 20, 1957 (Public Law 85-241), authorizes the rental of inadequate public quarters to members of the uniformed services, and provides that such personnel will be paid an adjusted quarters allowance amounting to the net difference between (1) the fair rental value of the inadequate quarters, and (2) their basic allowance for quarters. The section provides that it shall be administered under regulations approved by the President. These regulations have been issued by the Heads of the departments concerned, after approval by the Director of the Bureau of the Budget, under a delegation of authority from the President in Executive Order No. 10706, dated May 1, 1958. In addition to setting standards of adequacy, these regulations prescribe methods of setting fair rent values on the same basis as required by budget circular No. A-45. The bill would permit these housing rentals to be fixed under the proposed Government-wide regulations which the President would be authorized to prescribe.

The bill would also permit the President to issue regulations to provide a similar basis for the determination of charges for household furniture and equipment, utilities, subsistence, and laundry service, where such items are authorized to be supplied by the Government.

The draft bill also contains a prohibition against employees being required to occupy Government rental quarters unless a determination has been made that necessary service cannot be rendered or property of the United States cannot be adequately protected otherwise. Such a prohibition has appeared in annual appropriation act provisions in recent years.

We recommend this draft bill be given the favorable consideration of the Congress.

Sincerely yours,

MAURICE H. STANS,
Director.

AMENDMENT AND EXTENSION OF ANTI-KICKBACK STATUTE

Mr. McCLELLAN. Mr. President, by request, I introduce, for appropriate reference, a bill which proposes to amend the Anti-Kickback Act to extend it to all types of negotiated Government contracts.

This proposed legislation was submitted to the Senate by the Comptroller General of the United States on March 22, 1960, and referred to the Committee on Government Operations. The bill I am now introducing conforms to the request of the Comptroller General that early action be taken by the Congress to amend the Anti-Kickback Act of 1946 to extend the provisions as proposed by the new legislation. According to the Comptroller General, the act now applies only to contracts entered into "on a cost-plus-a-fixed-fee, or other cost-reimbursable basis."

The letter from the Comptroller General in support of the proposed legislation which was forwarded to the President of the Senate sets forth the purpose and need for this legislation, and I ask that it be inserted in the Record at this point as a part of my remarks.